Meeting Date: 11/18/08

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 5 A





Santa Clara

October 22, 2008

TO:

Contract Administrator for Sports and Open Space Authority Action

FROM:

Director of Finance, SOSA

SUBJECT:

Status Report for the Quarter Ended June 30, 2008 on the Fiscal Operation of the Santa Clara

Golf and Tennis Club

EXECUTIVE SUMMARY: Submitted for SOSA review and acceptance are the following reports: Santa Clara Golf and Tennis Club Income Statement, Variance Report, and the Administrative and Management Fee Calculation paid to American Golf for the quarter ended June 30, 2008.

The Income Statement includes a summary of Golf Course attendance categorized as "Number of Rounds" that is presented at the bottom of the Statement. The Variance Report provides a narrative explanation of significant variances between actual and budgeted Golf Course revenues and expenditures. Schedule 1 provides a graphic comparison of the June 30, 2008 quarter and year-to-date actual, budget, and prior year actual Net Income for the Golf Course. Detailed departmental reports on the Golf Course operations are available for review in the Finance Department.

<u>ADVANTAGES & DISADVANTAGES OF ISSUE:</u> The reports provide current information on the fiscal operation of the City's Golf Course.

ECONOMIC/FISCAL IMPACT: The Golf Course Net Income transferred to SOSA for the June 30, 2008 quarter was \$420,446. This transfer to SOSA was \$8,939 more than the budget. Revenues were \$15,283 less than the budget mostly due to actual rounds of play less than budget and lower merchandise sales. Cost of Sales and Operating Expenses combined for a total favorable cost variance of \$24,222, thus the above net favorable variance of \$8,939 for the quarter. The year-to-date net income of the Golf Course transferred to SOSA as of June 30, 2008 was \$1,309,881, which was \$24,281 more than budget. This transfer helps to offset the debt service payments made by the City's General Fund on behalf of SOSA for the Golf and Tennis Club. For FY07-08, the debt service was \$2.763 million. Lower year-to-date green fees, range usage, and merchandise sales resulted in an unfavorable revenue variance of \$130,350. This combined with the total year-to-date Cost of Sales, Operating Expenses, and Capital Outlay favorable variance of \$154,631, resulted in the above year-to-date favorable net income budget variance as of June 30, 2008 of \$24,281.

RECOMMENDATION: That SOSA accept the Status Report for the quarter ended June 30, 2008 on the fiscal operation of the Santa Clara Golf and Tennis Club.

Mary Ann Parrot

Director of Finance, SOSA

APPROVED:

Jennifer Sparacing

Documents Related to this Report: Santa Clara Golf & Tennis Club Quarterly Status Report

SANTA CLARA GOLF & TENNIS CLUB INCOME STATEMENT FOR THE QUARTER ENDING JUNE 30, 2008

	FOR THE QUARTER END!	ARTER ENDING	NG JUNE 30, 2008						1	
	QUAI	QUARTER	VARIANCES	ES	PRIOR YEAR	YEAR-T	YEAR-TO-DATE	VARIANCES	ES	PRIOR YEAR
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	ACTUAL	BUDGET	AMOUNT	%	Y-T-D
SALES AND FEES			;	,	ı					•
INSTRUCTION	3,626	3,500	126	4	0	13,806	13,300	906	4 (0
GREEN FEES	635,870	633,750	2,120	0	610,038	2,132,178	2,200,984	(68,806)	<u>ල</u>	2,181,211
CART RENTAL	127,722	123,036	4,686	4	120,314	432,082	430,000	2,082	0	442,573
RANGE INCOME	96,271	110,500	(14,229)	(13)	94,464	356,651	388,000	(31,349)	<u>@</u>	407,845
TENNIS INCOME	16,194	12,500	3,694	30	15,051	59,323	44,000	15,323	35	48,469
MERCHANDISE SALES	67,425	79,500	(12,075)	(15)	62,182	231,395	280,000	(48,605)	(17)	259,084
OTHER INCOME	10,895	10,500	395	4	10,156	46,939	46,440	499	-	44,555
TOTAL INCOME	958,003	973,286	(15,283)	(5)	912,205	3,272,374	3,402,724	(130,350)	(4)	3,383,737
COST OF SALES MERCHANDISE	44,353	55,623	11,270	50	43,988	163,898	195,999	32,101	16	183,969
TOTAL COST OF SALES	44,353	55,623	11,270	50	43,988	163,898	195,999	32,101	16	183,969
GROSS PROFIT	913,650	917,663	(4,013)	(0)	868,217	3,108,476	3,206,725	(98,249)	(3)	3,199,768
OPERATING EXPENSES		7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	***************************************	Ş	246	140	700	24.	Ş	840 064
SALAKIES/WAGES	21,175	234,188	23,033	2	C/0'017	264,010	909,904	214,45	2 5	106,640
UTILITIES-WATER	72,180	56,400	(15,780)	(28)	51,716	214,586	195,000	(19,586)	9	183,746
UTILITIES-POWER	10,659	11,600	941	∞	19,610	46,041	45,500	(541)	Ξ	51,435
SEED, SOIL & FERTILIZER	25,241	25,760	519	7	20,852	59,616	88,417	28,801	33	61,796
REPAIR & MAINTENANCE	15,726	19,725	3,999	70	21,388	72,689	82,151	9,462	12	79,821
SUPPLIES	26,932	21,460	(5,472)	(52)	29,473	93,542	86,840	(6,702)	<u>@</u>	93,630
UNIFORMS/LAUNDRY	2,831	3,000	169	g	1,861	10,933	15,050	4,117	27	11,216
BANK & CARD FEES	2,332	5,150	2,818	22	7,576	11,171	18,900	7,729	4	20,375
LEASE/RENTAL	16,978	16,587	(391)	(5)	13,038	67,184	66,348	(836)	3	49,946
SANITATION	7,093	7,800	707	6	6,173	26,744	31,200	4,456	4	23,369
TELEPHONE	2,141	1,500	(641)	(43)	1,341	8,271	6,000	(2,271)	(38)	5,354
RANGE BALLS	9,813	14,000	4,187	စ္က	8,005	12,947	28,000	15,053	25	7,975
OTHER EXPENSES	7,928	7,698	(230)	ල	2,835	37,745	36,972	(773)	(2)	25,171
MGMT/ADM FEES	77,806	77,121	(685)	Ξ	75,392	294,584	293,795	(789)	9	293,621
INSURANCE	4,389	4,167	(222)	(2)	2,654	16,363	17,048	685	4	15,050
TOTAL OPERATING EXP	493,204	506,156	12,952	က	477,989	1,787,908	1,921,125	133,217	7	1,772,466
NET FROM OPERATIONS	420,446	411,507	8,939	2	390,228	1,320,568	1,285,600	34,968	က	1,427,302
LESS: CAPITAL OUTLAY	0	0	0	0	0	10,687	0	(10,687)	0	0
NET INCOME	420,446	411,507	8,939	2	390,228	1,309,881	1,285,600	24,281	7	1,427,302

87,536

ල

(3,020)

87,999

84,979

23,942

£

(250)

25,180

24,930

NUMBER OF ROUNDS

SANTA CLARA GOLF & TENNIS CLUB AMERICAN GOLF ADMINISTRATIVE & MANAGEMENT FEE CALCULATION FOR THE QUARTER ENDED JUNE 30, 2008

3% MANAGEMENT FEE: REVENUE DESCRIPTION	_	GROSS REVENUE		3% MANAGEMENT FEE	
Instruction (1)	\$	0	\$	0	
Green Fees		635,870		19,076	
Cart Rental		127,722		3,832	
Range Income		96,271		2,888	
Tennis Income		16,194		486	
Merchandise Sales		67,425		2,023	
Other Income (2)	_	10,895		327	
TOTALS	\$_	954,377	\$	28,632	\$ 28,632
FIXED MANAGEMENT FEE (\$11,892 pe	r mo	nth)			35,676
ADMINISTRATIVE FEE (\$4,500 per mor	ıth)				 13,500
TOTAL MANAGEMENT FEE FOR G	(UAR	TER ENDED JUN	1E 3	30, 2008	\$ 77,808
Rounding					 (2)
Management Fee per Income Statement	for C	Quarter Ended Ma	rch	31, 2008	\$ 77,806
(1) Instruction revenue per the Income S Less - Revenue from instructor rer not subject to the 3% mans Instruction revenue subject to the 3%	it and igem	l golf lessons ent fee	\$	(3,626)	

(2) Consists of Pull-Cart rentals and American Golf Membership fees.

Director of Finance Sports & Open Space Authority City of Santa Clara 1500 Warburton Ave Santa Clara, Ca. 95050

Re: April-June 2008 Quarter Financial Report

(\$14,229)

Enclosed you will find a brief explanation of variances over/under 10% OR \$200.00, whichever is greater, for the months of April-June 2008.

Lower range usage than expected due to the economy. This is a

INCOME:

Range:

(Ψ1 1,22)	national trend; range business is down in a lot of other markets.
\$3,694	Increased league and open play.
(\$12,076)	Missed rounds by 249. Economy is trending towards less disposable income to buy merchandise. Budget was very aggressive.
(\$11,270)	Missed planned merchandise by \$12,076.
(\$15,781)	Cost of water increased more than expected, also had little to no rain to offset constant water usage.
\$4,001	Did not need as much repair or maintenance money in depts. 30 and 40 for the months of April and June.
(\$5,472)	Iron fitting cart, towels, range tees, gas/oil, and tennis balls in the month of June.
\$2,818	Saving money on credit card bills due to new Point of sale system.
(\$5,255)	Golf cart lease tax.
(\$641)	Cost of phone lines were more than what was budgeted for.
\$4,187	Saved money on range balls due to decreased range business
	\$3,694 (\$12,076) (\$11,270) (\$15,781) \$4,001 (\$5,472) \$2,818 (\$5,255) (\$641)

Please feel free to contact me with any questions.

Sincerely,

Kevin Kobayashi General Manager Santa Clara Golf & Tennis Club (408) 980-9515

SANTA CLARA GOLF & TENNIS CLUB NET INCOME COMPARISON ACTUALS, BUDGET, AND PRIOR YEAR ACTUALS FOR THE QUARTER ENDED JUNE 30, 2008 SCHEDULE 1

